

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2997

ANSWERED ON:07.12.2000

AUSTERITY MEASURES TO CUT EXPENDITURE

JASWANT SINGH YADAV;SURESH RAMRAO JADHAV (PATIL)

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Indian Airlines has followed the instructions of the Government to adhere to the austerity measures to cut expenditure;
- (b) if so, the details thereof; and
- (c) the result achieved by the Indian Airlines as a result thereof during 1999-2000 and till date?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV) (a) and (b): Yes, Sir. Indian Airlines being a commercial organisation, continuously endeavours to achieve optimum utilisation of its resources and maximise the revenue. The various cost control measures taken in this direction include:

- control on overtime, casual labour, hotel/travel expenditure
- Freeze on recruitment unless absolutely necessary for operational reasons
- Roll back of retirement age from 60 to 58 years
- Fuel monitoring and tankering Control on material consumption
- Reduction in publicity and sales promotional expenditure
- Review of uneconomic flights
- Inventory management
- Strict control over crew lay over expenditure
- Outsourcing of services to the extent feasible

(c): The Operational and financial performance of the company has shown considerable improvement in the recent years. It has earned a net profit during the last three consecutive years i.e. 1997-98 to 1999-2000. However, in the first half of the current financial year 2000-01, the cost of operation has gone up substantially due to the hefty increase in ATF price, landing and Navigational fees, rate of exchange and other inputs. As a result, the company made a net loss of Rs.109.10 crore upto September,2000. The said loss is much less than the increase in cost of operation in the same period as a portion of the cost increase has been absorbed by the Company through improved efficiency.